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## A REPORT

TO THE

## UNITED STATES SENATE

BY THE

## SENATE MAJORITY LEADER

JUNE 1982

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## LETTER OF TRANSMITTAL

UNITED STATES SENATE,
*Washington, D.C., June 17, 1982.*

THE PRESIDENT OF THE SENATE,
*United States Senate,*
*Washington, D.C.*

DEAR MR. VICE PRESIDENT: At the invitation of the Standing Committee of the National People's Congress, I visited the People's Republic of China from May 30 through June 10, 1982.

During the course of the visit, I met with Vice Chairman Deng Xiao Ping, Vice Premier Wan Li, Vice Foreign Minister Zhang Wenjin, Vice Chairman of the Standing Committee Liao Chengzhi and other government officials. I traveled as well to Shanghai and the provinces of Shaanxi and Shensi, where I met with local government officials. The visit in Shanghai included a tour and briefing at the Headquarters of the East China Sea Fleet of the Chinese Navy.

I want to express my appreciation for the assistance of Ambassador Hummel and the excellent staff of our Embassy in Peking. I am also truly grateful for the assistance you provided and the insights you shared from your own experience in helping me to prepare for the trip.

Sincerely,

HOWARD H. BAKER, Jr.,
*Senate Majority Leader.*

Enclosure.

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## Introduction

The visit to China occurred following a period of uncertainty in the United States-China relationship. It was a period that began during the Presidential campaign of 1980 in which Taiwan and our relationship with China became an issue in a way the Chinese found disturbing. Subsequent to President Reagan's inauguration, the new Administration sought to formulate an Asian policy that would both preserve the strategic relationship with China and keep the President's campaign commitment to implement fully the Taiwan Relations Act. As a result, the Chinese became more uncertain as to the direction of their relationship with the United States.

In the summer of 1981, with increased public speculation and discussion of a possible sale of advanced fighter aircraft to Taiwan, the Chinese began to tighten the screws and express with increasing fervor its opposition to arms sales to Taiwan. Administration officials were advised that if the decision was made to sell advanced aircraft, the relationship would be downgraded. If that occurred, it was expected to entail the withdrawal of Ambassadors and the cutting back proportionately of other aspects of the relationship.

In January of 1982, the Administration decided that Taiwan's immediate defense needs required only continuation of F–5E co-production and that the sale of military spare parts would continue. Although the decision had the effect of moderating the rhetoric, the Chinese continued to press on the issue of arms sales in a manner that kept alive the possibility of a Chinese decision to downgrade the relationship.

In April, President Reagan wrote the Chinese leadership to reaffirm the commitment of the United States to a one-China policy, to recognize the significance of China's nine-point proposal for reunification, and to express the need for the two countries to overcome our differences and strengthen our relationship. He also proposed that Vice President Bush, who was already scheduled to visit the Far East, go to Peking to discuss these issues in greater detail.

During his visit in Peking, the Vice President emphasized to the Chinese the importance President Reagan attaches to a good relationship and reiterated the Administration's commitment to a one-China policy. Nevertheless, the Chinese did not moderate their insistence that arms sales should be terminated. While stating the necessity of adherence to the Taiwan Relations Act (TRA), the Vice President suggested that the Chinese and the United States might continue discussions on arms sales at the diplomatic level in the hope that a satisfactory resolution of the issue might be reached.

With this history in mind, I discussed my pending visit with the President, Vice President Bush, and Secretary Haig. I was impressed with the fact that the trip was to occur at a sensitive time in the history of our relationship with China. While that impression proved

correct, other impressions that I carried with me to China were dispelled or altered. In this report, I have attempted to describe the impressions gained during the course of my discussions with the Chinese leadership to the extent they can be made public.

## General

First and most generally, the Chinese Government seemed truly determined to ensure that the overall tone of the visit was positive. They seemed to have made every effort to accommodate our scheduling requests, and were careful to explain those requests that were not met, such as meetings with Premier Zhao and Foreign Minister Huang, who were in Japan.

Each of the meetings with the Chinese leadership was conducted in a cordial and informal manner. The conversations were free-flowing and views were expressed candidly, sometimes bluntly, but without rancor. While not underestimating their intent to persuade me of the correctness of their views, they seemed more intent on ensuring that their views be clearly understood.

I should add that this way my fifth attempt to make this trip and while at each cancellation, the Chinese renewed the invitation, they seemed this time particularly hopeful that the trip would occur. I attribute this not only to the current sensitivity of the relationship at this time, but as well perhaps to their interest in learning about a Republican majority in the Senate and its likely impact on the relationship.

In that regard, I reiterated the invitation first extended by then Majority Leader Robert Byrd for a delegation of the National People's Congress to visit the United States. I expressed my belief that a visit of that kind would do much to enhance the understanding between our two governments. The Vice Chairman of the NPC Standing Committee accepted the invitation to come at a time to be arranged in the future.

## The Strategic Relationship

The Chinese clearly attach great importance to their strategic relationship with the United States and are more than a little concerned that the views of the United States in this respect are not entirely mutual. One official observed, for instance, that the United States seemed in the recent past to have taken China for granted as if the United States believed "that China needs us more than we need them." It was my impression that the President's letters to the leadership and the Vice President's visit significantly allayed those concerns. As requested by the President, I also conveyed to Vice Chairman Deng the President's commitment to a strong and durable relationship and his belief in its importance.

Chinese officials are convincingly pragmatic in describing our mutual and parallel interests in maintaining and strengthening the relationship. There were frequent references to the Soviet threat and its many manifestations, i.e. Afghanistan, Kampuchea, Vietnam and their own border situation. Containing the Soviet threat, however, is truly a "parallel" interest, and Chinese attitudes toward the Soviet Union do not appear contingent on the strength of the United States-China re-

lationship. I heard nothing that would lead me to believe that there would be a shift in Chinese attitudes toward the Soviet Union even should our relationship be downgraded.

Virtually every discussion began with the exhortation that the United States must take a global, strategic perspective. They expressed support for and keen interest in the Reagan Administration's intention to increase our defense capability and military strength. They also commented on the importance of a strong NATO and strong ties between the United States and Japan. One official even remarked that the Chinese encourage Japan in that direction.

There was also an effort to demonstrate that the Chinese are doing their part. The visit at the naval base at Shanghai included a thorough tour of a guided missile frigate, a submarine, a minesweeper and two patrol craft—each designed and built by the Chinese. A comprehensive briefing on the Chinese Navy covered its history, its growth and its mission. It is clear that the Chinese intend to expand the scope of the naval operational capabilities beyond the Navy's traditional role of coastal defense, and the Chinese are considering the possibility of purchasing some equipment and technology from abroad. The emphasis, however, appeared to be more on self-reliance and independence.

In my own mind, perhaps the most important manifestation of the importance attached by the Chinese to the relationship was Vice Chairman Deng's expression of the hope to meet with President Reagan. While Deng may not have been unmindful of the likelihood of a United States-Soviet summit in the not too distant future, the invitation seemed serious in intent and based on a sincere desire to get to know the President and acquire first-hand the President's views on the relationship.

## One China: Arms Sales and the TRA

As with Vice President Bush three weeks before, the focus for the Chinese of each and every conversation were the impediments to building a strong relationship: the Taiwan Relations Act and, pursuant to it, arms sales. According to the Chinese, these impediments represent an infringement on Chinese sovereignty and a *de facto* denial "that there is but one China and Taiwan is a part of China." Although the Chinese expressed appreciation for the President's reaffirmation of our commitment to a one-China policy and of my repetition of that position, they continually observed that the "words" were welcome but inconsistent with the "deeds." However much one might speculate on the reasons for the Chinese making such an issue of Taiwan at this time, it is clear that they are most serious in their insistence that it be resolved.

There was, however, a noticeable and perhaps significant shift in direction between the approach taken by Chinese officials in their discussions with Vice President Bush and with me. With the Vice President, the clear focus was arms sales and the insistence that they be terminated. In my case, the focus had shifted from arms sales, pursuant to the Taiwan Relations Act, to the Act itself.

On a number of occasions, I was asked by Chinese officials whether the Act could be amended. The Chinese explained that the very existence of the Act was inconsistent with a one-China policy in that it preserved treaty relations and other elements of state-to-state rela-

tions, including arms sales, with a province over which China was sovereign. I was asked if any other country would tolerate that situation; would the United States, for instance, tolerate a Hawaii relations act enacted by the Chinese Government. I observed in response that the situation with respect to Taiwan was left unresolved by the Shanghai Communique and the Communique on Normalization. It was a leftover from history and was to be resolved peacefully at a later time. I added, as well, that the Act had been implemented by both Presidents Carter and Reagan fully in accord with the Shanghai and normalization communiques and that the Chinese should find that reassuring.

Chinese officials did not generally dispute that the Act had been interpreted and implemented consistent with the Communiques, but so long as the potential for inconsistent interpretation remained, we cannot expect to establish a relationship of mutual trust. Said one official, "as long as the Act is valid, there is a dark shadow over our relations."

During each of the discussions on this issue, I observed that although a majority of the Congress and the American people supported the commitment of the President to a one-China policy, the relationship of the United States with Taiwan remained a controversial issue. I expressed my strong belief that the TRA had worked well to regulate our unofficial relations with Taiwan and that I would not now support modification of it.

By noting the shift of emphasis from arms sales to the TRA, that is by no means to say that the position of the Chinese on the issue of arms sales has lessened in intensity. It was, however, left only to one Chinese official the responsibility for taking me to task on the issue of arms sales, and it is no understatement to say that he did it with vigor. I noted that the TRA was the law of the land and therefore that the United States must reserve the right to sell arms to Taiwan. I noted as well that that should come as no surprise to Chinese officials as it was clearly reserved at the time of normalization but that within the framework of the TRA, the right had been implemented with prudence and cited for example the President's recent decision on advanced aircraft.

There would seem to me to be several possible alternative reasons for the apparent escalation of the Act itself as an issue of contention in the relationship. One possibility, of course, is that the Chinese took the opportunity of raising the Act as legislation with the Senate leadership. Alternatively, they may be optimistic that the arms sale issue is moving toward a resolution that would be satisfactory to both parties and they were then simply laying down a marker for future negotiations. Finally, and most pessimistically, the Chinese may escalate the TRA as an issue of contention regardless of the outcome of the discussion on the arms sale issue and intend to force the issue into active contention in the relationship.

### The Process of Normalization

One issue in the continuing process of normalization arose during the course of my visit: the detention by Chinese officials of a young American woman on the allegation that she had received state secrets.

Because of concerns expressed by the Embassy that the Chinese were not complying with certain provisions of the recently ratified Consular Convention, I raised those concerns with officials of the Chinese Government. I was advised that the Chinese would adhere strictly to the provisions of the Consular Convention in this case as in any case in the future.

Shortly thereafter the Chinese annouced that the young woman would be released to Embassy officials at a specified date and time, and that release in fact occurred during the course of my visit. Naturally I was pleased that, for whatever reason, the Chinese authorities decided to release the American citizen. I was also pleased in the first major test of the Consular Convention that there was a successful resolution of the problems that arose and that the two governments have agreed to hold further discussions on the issues of interpretation of the Convention that arose during this case. Without putting too fine a point on it, I would hope that the manner in which this issue was resolved could lead to further instances of our ability to negotiate our differences.

## China—The Broader Perspective

As we look to the end of this century and into the next, there is no question but that the Pacific Basin will become a region of significant if not pre-eminent importance to the United States. It is, moreover, likely that it is a region in which China, along with the United States, will be one of the two pre-eminent military powers. It is therefore of vital interest to the United States that we continue to build on our relationship with China in a positive and constructive manner.

Having been exposed however briefly to the sophistication of the Chinese leadership and the impressive urban development in Peking, one cannot help but be impressed by China's potential for the future. That impression was reinforced by my visit to Shanghai, a city that has symbolized economic prosperity in the past, and which seems to retain the dynamic energy to become a significant factor in China's economic growth.

But in considering China's potential for the future, one must remember as well that the development of Peking and the energy of Shanghai are only a small part of an immense and diverse country. As I traveled through the rural countryside of Shaanxi and Shensi provinces, I saw a country that is trying to feed 25 percent of the world's population with only the most preliminary beginnings of mechanized agriculture.

It was apparent that China faces enormous difficulties in developing an economy which will allow it to meet the aspirations of its people to become a greater power in the world community.

## Conclusions

I departed for China with the broad question of whether the Chinese were really as upset over the Taiwan arms issue as they have seemed in recent months. My preconceived opinion on to that question was that they were and that there was at least a very good chance that the Chinese were prepared to downgrade relations with the United States if in fact that decision had not already been made. My answer to that

question on my return from China is that there remains a chance that we, the United States and China, will stumble into a situation that results in the downgrading of our relations, but that the problems were neither as immediate nor as difficult as I had thought.

Nevertheless, the issue of Taiwan is, and for the foreseeable future will continue to be a problem of significant proportion in the relationship. How acute the problem becomes depends in large part on how we manage the arms sale issue and on how far the Chinese are prepared now to take the issue of the existence of the Taiwan Relations Act.

I believe that the President's letters to the Chinese leadership and the back-to-back visits of Vice President Bush and myself carrying similar messages from the President have had a cumulative and measurable positive effect on the relationship. I am persuaded that it is possible to resolve the differences and build on the relationship we have thus far established. Finally, I believe it important that we make every effort to do so.

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